

by December 31 of this year and 100 percent to competition by December 31, 2000.

Residents, businesses, and multi-national corporations served by companies like the Salt River Project, a public power and water utility serving 670,000 customers in the greater Phoenix area, will gain more control over where they spend their energy dollars. Customers will be able to shop for savings among sources of electricity, ultimately choose billing and metering providers, and still depend on their local utility to provide reliable electric delivery and power backup services.

The Arizona legislation requires affected utilities to reduce rates for smaller customers at least 10 percent, as measured over a 10-year period, and caps rates for larger customers who choose to stay with their local utility. To protect consumers against deceptive marketing practices, power marketers can enroll customers only through written, signed contracts—a provision specifically aimed at stopping the notorious “slamming” and “cramming” abuses that have occurred with telephone deregulation. Strict enforcement measures are included for companies that fail to comply. The legislation also mandates that Arizona public utilities develop and pay for comprehensive public education programs to inform customers about their choices.

While the new law does not apply to investor-owned utilities under jurisdiction of the Arizona Corporation Commission, it creates a relatively uncomplicated means for opening Arizona's entire electric market to competition. It will encourage the transition from monopoly to competitive services within a reasonable timeframe, and will allow utilities to recover costs of past investments made to meet growth needs, but that could become “stranded” in a competitive market.

Improved services, economic efficiencies and new technologies should be among outcomes. At the same time, the legislation offers Arizona electric customers and suppliers a far less burdensome way of achieving choice than the costly plan adopted by California with effects that, so far, have slowed the development of competition. By contrast, Arizona's legislation strikes a balance between benefits stemming from free markets and the public interest in maintaining an economically secure, environmentally responsible electric infrastructure.

Arizona's Electric Power Competition Act was passed with support of major industries, consumer groups, low-income advocates, and the state's largest investor-owned utility, Arizona Public Service Company. It puts Arizona in the forefront of the nation's move to electric competition and establishes a policy that other states would do well to consider.

KYOTO PROTOCOL IMPLEMENTATION

Mr. MURKOWSKI. Last week, the administration's climate change negotiators returned from Bonn, Germany.

These negotiators were in Bonn from June 2 through the 12 with their counterparts from many other countries, working out the details of how to implement the Kyoto Protocol to the United Nations Framework Convention on Climate Change.

Mr. President, people often say “the devil's in the details” and I think we have a case here with this Kyoto Protocol where the devil is definitely there—in the details.

So, that is just what I want to talk about today—the details.

Back in October of last year, President Clinton outlined his climate change proposal during a speech. If it seems strange that I have to refer to the text of a speech to describe the administration's climate change proposal, I have to do that, because the speech is all we have.

Last year, I, along with Senators CRAIG, HAGEL, and HELMS, asked the General Accounting Office to review the administration's climate change proposal. The Committee on Energy and Natural Resources held a hearing earlier this month on GAO's results so far.

The Office of Management and Budget told the GAO auditors that the Administration has no documentation of its climate change proposal, beyond the President's speech last October. The speech is the plan. I must admit, I was amazed by this.

The administration is asking for an increase of \$6.3 billion over the next five years for its climate change program, and the documentation of that program is a speech that is about 3 or 4 pages long. Out in the business world, you don't get \$6.3 billion in financing based on a three page proposal.

So, in this brief climate change proposal, what do we find? We find a statement of the administration's principles for addressing climate change.

One of the administration's principles on climate change is: “Developing Countries Must Participate.”

The President's climate change proposal says: “The President has committed that the United States will not adopt binding obligations without developing country participation.”

Take note that this statement came from the Administration prior to the Kyoto negotiations, when the administration conveniently abandoned that principle, in order to come home with some kind of agreement to show everyone how successful they were.

The administration still claims to be committed to “meaningful participation”—whatever that means—by developing countries. In fact, Mr. Dirk Forrester, the chairman of the White House Climate Change Task Force, told me during our hearing on June 4 that “meaningful participation” does include China and India.

So, the President's climate change proposal says you must have developing country participation. Mr. Forrester tells me just three weeks ago that we must get China and India to participate.

But then, what happens in Bonn, Germany? Over 1200 negotiators met there to start negotiating the details for the Kyoto treaty. The U.S. negotiating team had over 25 members.

I wasn't at the Bonn meeting, so let me read from a report of what happened in Bonn. This is from the Washington Times, June 13, 1998. The headline is: “Third World, EU knock U.S. effort on global warming. Two week talks in Bonn end in impasse.” The article says:

Third World and European nations dealt a blow to President Clinton's effort to make the global warming treaty more palatable to Americans at a negotiating session . . . in Germany.

China and India, speaking for a group of 77 developing countries, opposed even discussing proposals that would require them to drastically cut so-called greenhouse gas emissions as the United States and industrialized nations are required to do under the treaty.

Let me repeat that: China and India . . . opposed even discussing proposals . . . that would require them to . . . cut . . . emissions.

What are we to make of this? The administration says China and India must participate. Yet, in Bonn, China and India led an effort by developing countries to oppose even talking about their participation.

Let me point out another disconnect. President Clinton's climate change proposal says:

The President is committed to a market-based emissions trading system, both domestically and internationally, that will harness the power of the market to reduce emissions . . .

The administration's climate change proposal states that an emissions trading system will allow the United States to meet its reductions targets “with minimal economic costs.”

In fact, Janet Yellen, Chairman of the President's Council of Economic Advisors, has testified before Congress that according to the administration's economic analysis—the details of which, by the way, almost no one is allowed to see—that Kyoto targets can be met for minimal costs.

We are just finding out how you meet the Kyoto targets so cheaply. Apparently, the administration relies on achieving 85 percent of emissions reduction through emissions trading. They think we can “buy our way out” of the problem.

But let's see what happened in Bonn. What did the rest of the world have to say about extensive use of emissions trading?

Again, let me quote from the Washington Times article:

The European Union said it would oppose extensive use of a complicated [emissions trading] scheme Mr. Clinton devised to ensure that Americans pay only modestly higher energy prices under the treaty, saying the

United States should bear the brunt of such costs, which could total in the hundreds of billions of dollars.

So, here are the results of Bonn.

1. Developing countries are still saying "not interested" when it comes to signing up for binding reduction targets.

2. Our European friends are saying, "Hey America, you can't buy your way out of your commitments through emissions trading. We want you to take more expensive action at home."

What kind of actions might we take to reduce emissions, if we can't rely on emissions trading? To answer that question, I think it's helpful to look at the current situation.

Where do we currently get our electricity from? We generate 53 percent of our electricity from coal. The administration says coal pollutes so we have to cut back on dramatically on how much we rely on coal. We generate 18 percent of our electricity from nuclear power. This is our largest emission-free source of power. I've talked about this issue over the years and the percentage of nuclear keeps falling. A few years ago we were 22 percent nuclear, last year this figure was about 20 percent. I think we should be clear about why this number is falling.

We have an administration that won't deal with the nuclear waste problem. We have a President who says he will veto our nuclear waste bill, which has passed both this Congress by wide margins. The bottom line is that we are at risk of losing our nuclear power.

We generate 14 percent from natural gas, but the administration has issued OCS moratoria and won't provide access to public lands for gas production, so there are limits to what gas can do.

We generate 10 percent from hydroelectric power—another emissions-free source of electricity. But again, the Admin opposes hydropower and we have a Secretary of the Interior who brags he will be the first Interior Secretary to tear down a dam.

We generate about 3 percent—a little bit under 3 percent—from waste or "biomass". This is electricity from burning wood, garbage, old tires. This isn't exactly a carbon-free activity, so we will have to curtail our use of biomass for power production.

We generate 2 percent of our electricity from oil. Again, this is something unpopular with the administration. They are opposed to fossil fuel use, and they won't allow access to public lands for further oil exploration.

The remaining less than 0.1 percent comes from wind and solar. This is a very small percentage, yet the administration claims these are the technologies that will make-up for reductions in all the other sources. How realistic is this?

The Sierra Club refers to wind turbines as "cuisinarts for the birds." Wind power also depends on a limited number of sites, with strong, dependable winds.

Solar technology has many obvious shortcomings. First of all, the sun

doesn't shine at night. Also, solar panels take up a tremendous amount of space. It would take about 10,000 square miles of solar panels to replace the 18 percent of our electricity generated with nuclear power. This is about the size of the entire states of Vermont and Delaware, combined.

So there are obvious limits to renewable resources, but there are places where they make sense. For instance, remote villages in Alaska, where electricity is now generated with diesel fuel for 30-40 cents per kilowatt hour. But for large populations these renewable technologies probably are not feasible.

How does the President say we will meet our Kyoto targets? In addition to buying carbon credits from Russia and Ukraine, the President says we should increase energy efficiency . . . and "pay the bill" by deregulating electricity. I'm all for efficiency and rational deregulation . . . but if you've endangered your major sources of generation, efficiency and generation aren't much help.

The President is clearly pushing this issue off onto somebody else's watch. So, where does this leave us? Well, we are headed into larger, higher-level negotiations in Buenos Aires, Argentina this fall. Should we be hopeful that we will have any better success than we did in Bonn?

Don't get me wrong. I happen to think that principles are a great thing to have. The point is you have to stick to them.

I fear that in Buenos Aires, the administration will once again be desperate for the appearance of success. In their desperation, the administration might conveniently abandon more of the principles they claim to hold regarding what the U.S. should demand of the rest of the world in a climate change treaty.

Mr. President, I have been watching these events unfold for some time now. I have watched this climate change deal become more and more of a raw deal for Americans.

But to sum up, I don't think I can put it any better than one of my constituents, Sam Tatum from Wasilla, Alaska. He wrote me a letter saying "this climate change treaty is bad news for our country." Well, Sam, hold on to your pocketbook and let's see what comes out of Buenos Aires.

I ask unanimous consent that an article from the Washington Times be printed in the RECORD, plus a table.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Times, June 13, 1998]
THIRD WORLD, EU KNOCK U.S. EFFORT ON
GLOBAL WARMING
(By Patrice Hill)

Third World and European nations dealt a blow to President Clinton's efforts to make the *global warming treaty* more palatable to Americans as a negotiating session that ended yesterday in Germany.

China and India, speaking for a group of 77 developing countries, opposed even discuss-

ing proposals that would require them to drastically cut so-called greenhouse-gas emissions as the United States and industrialized nations are required to do under the treaty, said participants at the Bonn talks.

And the European Union said it would oppose extensive use of a complicated scheme Mr. Clinton devised to ensure that Americans pay only modestly higher energy prices under the treaty, saying the United States should bear the brunt of such costs, which could total in the hundreds of billions of dollars.

"China and India pointed out that the industrialized world still hasn't done anything to reduce emissions, and they didn't feel it was appropriate" to discuss requiring Third World participation in the treaty until that happens, said Kelly Symms of Ozone Action.

The developing nations squelched a move to add discussions about their participation in the treaty to the agenda at the next negotiating session in Buenos Aires, Argentina, this fall. Clinton administration officials vow to nevertheless bring up Third World inclusion for discussion at the session.

"It was the same dynamic" that Americans encountered in Kyoto, Japan, when the treaty was drafted, with most nations blaming the United States for the global warming problem, since it is the largest emitter of greenhouse gases, and saying it should bear the costs, said Miss Symms.

But Mr. Clinton faces just the opposite problem at home: a Congress that is livid that the Kyoto treaty excludes developing nations, which could become major emitters in the next century, and insisting that costs must be minimal for the treaty to have even a change of being ratified in the Senate.

"We all have our political situations," said Rafe Pomerance, deputy assistant secretary of state for environment, acknowledging that none of the Third World nations the administration is negotiating with are ready right now to voluntarily sign on to the treaty.

The administration has more hope of winning Europeans over to its emissions-trading scheme, which is designed to allow American companies to lower the cost of emissions cuts by buying credits from other countries where the costs are smaller.

The administration is relying on extensive trading of such credits to hold down what could be significant costs for Americans in its analysis of the economic effects of the treaty, he said.

Environmentalists say the administration's conclusion that the treaty would impose only "modest" costs on Americans assumes that 80 percent of the treaty's emissions reductions are achieved through international trading.

The administration only yesterday released details of its controversial and closely held cost estimates to the House Commerce Committee.

Europeans stridently oppose the extensive use of emissions trading saying the United States should first impose energy taxes and other measures used by European countries to cut emissions before "buying" reductions from the rest of the world.

"Their primary goal is to cripple the U.S. economy" by quadrupling energy costs to the levels that prevail in Europe, said Deborah Fidelke, spokesman for Sen. Chuck Hagel, Nebraska Republican and a leading opponent of the treaty in the Senate.

The two-week-long negotiating session in Bonn—where the world's nations came to agreement on only one technical question involving reforestation—shows the futility of Mr. Clinton's efforts to forge a treaty that he hopes can get through the Senate, she said.

"This whole thing is going nowhere," especially in light of the hardships on China and

other Asian developing countries resulting from the Asian financial crisis, she said.

"Why on Earth would they now sign on to a treaty that would slow their growth even further?" she asked. "We just put economic sanctions on India and now we expect them to sign on to a treaty that will slow their growth? Let's live in the real world."

Sources of electricity used in the United States

	<i>In percent</i>
Coal	53
Nuclear energy	18
Natural gas	14
Hydro-electricity	10
Other*	2.72
Oil	2
Wind	0.08
Solar energy	0.02
* = Waste (0.79%) = Biomass (2.0%) + Geothermal (0.44%) + Other (0.03%).	

MISSILE SALES BY NORTH KOREA

Mr. MURKOWSKI. Mr. President, I rise to call attention to an article which ran on the front page of the Washington Post yesterday morning regarding missile sales by North Korea. Although North Korea has denied selling missiles in the past, I for one have never taken them at their word on this and have long believed that they have been and continue to be actively engaged in the weapons trade; without question, the sale of weapons to rogue states has been and continues to be a major source of revenue for the North Korea government.

Well, despite their past denials, the Washington Post reports that North Korea now admits to selling weapons to countries such as Iran, Iraq and Syria, and has actively assisted these countries with their own missile development programs.

Mr. President, this article really comes as no surprise—it simply verifies what many of us have suspected all along. But I think we should also consider for a moment whether we have, in no small way, contributed to North Korea's missile development program.

I am referring, of course, to the 1994 Agreed Framework, whereby North Korea would dismantle its nuclear program in exchange for American assistance in building two light-water reactors. Without going into the details, Japan and South Korea would contribute several billion dollars worth of assistance to the construction of the reactors, and the United States would also supply heavy oil to North Korea until the reactors were up and running—this would help North Korea meet its energy needs pending construction of the facilities.

Mr. President, the Agreed Framework, no matter how well intentioned, puts a gaping hole in the international sanctions which we have levied against North Korea. The United States has already given close to \$200 million taxpayer dollars, perhaps more, in combined food aid and to support the Korean Economic Development Organization (KEDO), which is tasked with sending heavy fuel oil to North Korea and carrying out other activities under the Agreed Framework. For a country

whose economy is completely isolated and strapped for cash, this assistance frees up sizable amounts of money which North Korea can invest in other areas—including their national missile development program.

So, the North Koreans use the aid which comes from the United States, Japan, South Korea and other countries to support other aspects of their economy, freeing up resources which can be used to develop weapons. These weapons are then sold to our enemies, and pointed at our troops, our allies, and even us.

Mr. President, last year two North Korean defectors indicated in testimony before the Senate Government Affairs Committee that the North Korean missile development program already poses a verifiable threat to American forces in Okinawa and is on track to threaten parts of Alaska by the turn of the Century.

Mr. President, I have no problem with humanitarian aid in itself—this is not the issue. The issue is whether we have an effective policy toward gaining cooperation with North Korea? I would argue, and I think the facts back me up, that we do not! Think about it. Every concession North Korea has ever granted has been on their terms—not ours, theirs! And when things do not appear to go their way, they take action which we try to deter through additional concessions. Sounds to me like the tail is wagging the dog.

Last month, the New York Times ran a story indicating that North Korea announced it would suspend their efforts to carry out the 1994 nuclear freeze agreement, the Agreed Framework. I would ask that a copy of this article appear in the RECORD at this time.

What does this tell us, Mr. President? That North Korea is not committed to a freeze; and that the freeze is simply a vehicle by which North Korea can exploit aid and other concessions from the United States and our allies.

I am not at this time suggesting that we should cut off all assistance to North Korea, nor am I suggesting that we should cut off funding and assistance to KEDO. We can discuss these issues during the appropriations process—and I suspect we will.

But I am encouraging my colleagues to think hard about this issue. Last week, we were honored to receive President Kim Dae-jung from the Republic of Korea. He hinted that the United States should consider easing sanctions against North Korea. Well, Mr. President, in light of these incidents, I don't know how we could possibly consider easing sanctions against North Korea—although I wonder whether we haven't already vis a vis KEDO and other assistance which we continue to extend to the North Korean government.

Mr. President, when the Senate turns back to the Defense Authorization bill, Senator Kyl and I will offer an amendment which requires the Secretary of

Defense to study the issue of effective deployment of a theater missile defense system for the Asia-Pacific region. This is obviously needed to protect our troops in Okinawa and on the Korean peninsula. This amendment will further require that Korea, Japan and Taiwan be allowed to purchase, should they desire, such a system from the United States. I suspect that all of them would be extremely interested in such a defense system, Mr. President, and I think it is incumbent upon us to extend this protection to them.

Finally, Mr. President, I would simply reiterate that the United States needs a policy whereby we can effectively gain cooperation with North Korea. KEDO does not appear to be that framework. Perhaps we need to evaluate this, or whether a different approach is needed.

Mr. President, I ask unanimous consent that relevant articles be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Post]

N. KOREA ADMITS SELLING MISSILES—MOVE SEEN AS TEST OF U.S. EMBARGO
(By Kevin Sullivan)

SEOUL, June 16—North Korea declared today that it will continue to develop, test and export ballistic missiles, officially acknowledging for the first time a clandestine weapons trade that analysts say has helped build arsenals in Iran, Iraq and Syria.

North Korea's admission added to tensions in Asia following nuclear testing by India and Pakistan, which has also reportedly purchased some of North Korea's Soviet-inspired missiles.

The blunt disclosure of the missile program appears to be aimed directly at the United States, which has imposed a near total economic embargo on North Korea. Pyongyang has been trying for years to persuade Washington to lift the embargo, which is strangling North Korea at a time when its economy is in desperate need of outside assistance.

In Washington, the State Department branded the North Korean statement "irresponsible" and rejected the economic arguments Pyongyang offered to justify missile sales, staff writer Thomas W. Lippman reported.

"Their missile proliferation activities have been of concern to us for a long time," a State Department official said. "It's well known that they sell missiles and technology virtually indiscriminately, including to regions in the Middle East and South Asia where we didn't think it was wise."

If North Korea wants improved relations with the United States and an easing of sanctions, the official said, it should restrain its missile sales, not expand them.

The United States has imposed sanctions on North Korea four times for missile exports, most recently in April of this year after Pakistan conducted flight tests of missile of North Korea design known in Pakistan as the Ghauri.

Many U.S. officials have pointed to North Korea's missile sales to Iraq and other states as evidence that the Stalinist government in Pyongyang remains a threat to global security. The Clinton administration has pressed North Korea repeatedly to stop exporting missiles—which, until today, North Korea had flatly denied doing.